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Subject: Microsoft Settlement.

Like many other computer professionals, I am concerned that the proposed settlement between the Department of Justice and Microsoft will do nothing to correct proven past abuses of monopoly power and little to prevent future abuses.

The modifications to the settlement proposed by the nine dissenting states, while perhaps farfetched in some instances, contain several proposals that will go a long way toward guaranteeing a healthy marketplace in what is today not a marketplace at all.

Through Microsoft's bundling of applications software with their operating systems, and through many years of restrictive contracts that completely locked competing operating systems out of the IBM-compatible PC market, we find ourselves in a situation where the 'popularity' of Microsoft's products is achieved by fiat, and there is no way to gauge whether the public wants to buy that software or not.

I would argue that the main reason people buy Microsoft operating systems is the ability to run one or two applications that will only run on that platform. Those applications do not include web browsers and e-mail readers, which adhere to commonly-accepted standards and, not coincidentally, are available for most modern operating systems. In fact, in a large number of cases, that one vital application is Microsoft Word, which enjoys its own near-monopoly status due to past Microsoft misbehavior (which was similarly not punished and hardly changed by a similarly weak Consent Agreement in 1995).

So the dissenting states' proposal that Microsoft be required to offer a version of the Windows operating system with contested Internet and multimedia applications removed would go a long way toward restoring competition in those arenas.

Interestingly, the applications that come bundled in the Windows XP operating system all have existing equivalents that are available at a very low cost or for free. Microsoft contends that its entries are free as well, but then how can they account for the fact that Windows XP lists for \$199 to \$299 compared with the roughly \$99 price for the Windows95/98 system that it replaces?

Microsoft may claim that Windows XP is based on a more stable underlying architecture that justifies the added price. Still, with every other component of the modern PC becoming better and cheaper all the time, why shouldn't the consumer expect that of the operating system as well? The basic function of the operating system is the same. Stability? Well, it's

about time.

They may claim that it is the integration of the Internet and multimedia applications with the operating system that justifies the added cost. Since the applications cost nothing, then that 'integration' must come at a cost of about \$100. I would contend that there are many users that would be willing to do their own integration for a savings of \$100. I would also contend that there are many businesses that would prefer to save \$100 per desktop while also reducing the incentive for workers to waste time playing with all those multimedia toys.

So, let there be two versions. One for the original \$99 price of Windows 95 (and with the same feature set), and one for whatever Microsoft wants to charge that contains the added features. It would be even better in terms of fair competition for the integration of the extras to be done by the PC vendors in response to actual market demand (to prevent the kind of integration - like that of Internet Explorer - that degrades performance of competing products by hogging system memory).

Another constructive contribution of the dissenting states is the requirement that the price of Microsoft software be clearly listed by PC manufacturers, and that consumers be permitted to opt to not buy that software. Microsoft (perhaps in anticipation of this requirement) has built effective anti-piracy features into Windows XP, so there is no justification for forcing customers to buy Windows with every PC sold. How can you expect competition to emerge in the PC operating system market if customers are forced to double-pay in order to get a competing system that, admittedly, does not benefit from the availability of applications that only years of monopoly status have conferred upon Windows?

You may argue that there are benefits to the standardization that results from Microsoft's monopoly status. If so, then these restrictions will change nothing, and those benefits will continue. More likely, a whole new set of benefits will be brought about by the widespread adoption of new, open standards that allow multiple vendors to compete in providing Word Processors and the like. Only a monopolist has something to gain from ignoring (or subverting) open standards. The world-wide-web and the global e-mail system offer vivid proof that interoperability between different computer systems is not only possible, but is enormously beneficial.

Either we want a free marketplace to exist or we don't. The law says we do. And the DOJ-Microsoft settlement as written will not accomplish it.

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